

Message Text

UNCLASSIFIED

PAGE 01 QUITO 08887 231607Z
ACTION ARA-10

INFO OCT-01 AF-08 EUR-12 EA-09 NEA-10 ISO-00 FEA-01
ERDA-07 AID-05 CEA-01 CIAE-00 CIEP-02 COME-00 DODE-00
EB-07 FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05
OMB-01 PM-04 USIA-15 OES-06 SP-02 SS-15 STR-04
TRSE-00 ACDA-10 PA-02 PRS-01 XMB-04 JUSE-00 /160 W
-----240239Z 107913 /71

R 231330Z DEC 76
FM AMEMBASSY QUITO
TO SECSTATE WASHDC 2613
INFO AMEMBASSY ABU DHABI
AMEMBASSY ALGIERS
AMEMBASSY BAGHDAD
AMEMBASSY BONN
AMEMBASSY CARACAS
AMEMBASSY DOHA
AMCONSUL GUAYAQUIL
AMEMBASSY JAKARTA
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY LAGOS
AMEMBASSY LIBREVILLE
AMEMBASSY LONDON
AMEMBASSY MANAMA
AMEMBASSY MUSCAT
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY TEHRAN
AMEMBASSY TOKYO
AMEMBASSY TRIPOLI
AMEMBASSY VIENNA

UNCLAS QUITO 8887

E.O. 11652: N/A
TAGS: ENRG, OPEC, EC
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 QUITO 08887 231607Z

SUBJECT: VARGAS ANNOUNCES TENTATIVE PRICE RISE OF \$1.15 PER BARREL

1. MINISTER OF NATURAL RESOURCES RENE VARGAS ANNOUNCED TO
THE PRESS DECEMBER 21 THAT ECUADOR WOULD TENTATIVELY RAISE
PETROLEUM PRICES \$1.15 PER BARREL AS OF JANUARY 1, ALTHOUGH
THE ACTUAL IMPLEMENTATION OF THE PRICE RISE WOULD BE

DECIDED BY THE SUPREME COUNCIL.

2. VARGAS CLAIMED THE TWO-STAGE 15 PERCENT INCREASE WAS JUSTIFIED. HE QUOTED A RECENT REPORT OF THE OPEC ECONOMIC COMMISSION WHICH CLAIMED THAT THE PURCHASING POWER OF OIL REVENUES HAD DECLINED BY MORE THAN 15 PERCENT SINCE THE LAST OPEC PRICE RISE.

3. VARGAS ADMITTED THAT THE DECISION OF SAUDI ARABIA AND THE UNITED ARAB EMIRATES TO RAISE THE PRICE BY ONLY FIVE PERCENT WOULD BE A "TEST" FOR THE ORGANIZATION; HE DENIED, HOWEVER, THAT THIS DIFFERENCE IN PRICE LEVEL REPRESENTED ANY SERIOUS BREAK IN OPEC UNITY AND EXPRESSED HIS CONFIDENCE THAT PROBLEMS RESULTING FROM THE TWO-TIER PRICE LEVEL WOULD BE SOLVED.

4. THE MINISTER ALSO TOLD THE PRESS THAT THE UNITY OF OPEC ALSO DEPENDS ON MAKING DECISIONS WHICH DO NOT ADVERSELY AFFECT THE WORLD'S ECONOMY NOR THE ASPIRATIONS OF THE DEVELOPING COUNTRIES. HE CITED OPEC'S RECOMMENDATION FOR A BILLION DOLLAR INCREASE IN THE OPEC DEVELOPMENT FUND; THIS INCREASE IN OPEC AID, HE ASSERTED, WOULD EQUAL THE INCREASE IN PETROLEUM COSTS TO THE DEVELOPING COUNTRIES. (ECUADOR DOES NOT CONTRIBUTE TO THE OPEC DEVELOPMENT FUND.)
BLOOMFIELD

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM INDUSTRY, POLICIES, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 23 DEC 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976QUITO08887
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760471-0949
From: QUITO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761217/aaaaaoai.tel
Line Count: 86
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: vogelfj
Review Comment: n/a
Review Content Flags:
Review Date: 15 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15 JUN 2004 by chengls>; APPROVED <16 DEC 2004 by vogelfj>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: VARGAS ANNOUNCES TENTATIVE PRICE RISE OF \$1.15 PER BARREL
TAGS: ENRG, EC, OPEC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006